

SOCIAL & RELATIONSHIP CAPITAL

Product Stewardship

The Group’s commitment to product stewardship is embedded across different aspects of its customer journey through compliance to certifications, internal policies as well as responsible marketing practices.

 <p>Procurement/ Buying stage</p>	<p>Stringent procurement practices and strong relationships with suppliers limit the risk of potential issues at the purchasing stage</p>
 <p>Manufacturing stage</p>	<p>Compliance to an array of certifications and clearly defined policies, procedures and guidelines for manufacturing operations</p>
<p>Marketing stage</p>	<p>A Responsible Marketing Guidelines ensures the integrity and accuracy of all marketing communications. The Hayleys Group Corporate Communications Department reviews all key press releases and publications</p>
<p>Product use</p>	<p>Compliance with a range of certifications which provide assurance to external stakeholders regarding the quality and safety of our products. These include the following certifications obtained by various sectors</p> <ul style="list-style-type: none"> • ISO 9001: 2015 Quality Management Systems • ISO 22000: 2018 Food Safety Management Systems • British Retail Consortium Certification Safety and Quality certification for consumer products

Building sustainability into products

Aligned with our ESG aspirations, we are integrating sustainability into our research and product development processes thereby striving to minimise negative environmental implications during product usage as well as end-of-life disposal. Refer to page 274 for further information on the Group’s sustainable innovation efforts.

SUPPLIERS & BUSINESS PARTNERS

The Group’s deep-rooted relationships with diverse and extensive supply chains across the country is a defining aspect of its value creation process, strengthening its socio-economic footprint. Suppliers are diverse in geographical profile and scale of operations, ranging from individuals and small-scale suppliers to large B2B players.

Supplier value creation during 2023/24

The Group’s supplier value proposition centers on continued value injection through procurement, development and capacity building and creating market linkages to global value chains. During the year, total payments to suppliers declined by 17% to Rs. 325.36 bn.

Over 70,000
Supplier profile

54%
Local suppliers



Building inclusive value chains

Inclusivity has always been a defining characteristic of the Hayleys ethos and the Group has always prioritised business models that support grassroot communities, thereby injecting economic value and driving empowerment. Through its diverse businesses, the Group connects rural communities to global supply chains, facilitating market linkages, building capacity and providing access to finance and resources. During the year, the Group supported nearly 20,000 smallholder agricultural suppliers and business partners.

Sector	Suppliers/Value chain partner	Number
Eco Solutions	Fibre suppliers	419
Hand Protection	Latex suppliers (local)	6,000
	Latex suppliers (Thailand)	1,059
Purification	Charcoal and coconut shell suppliers	285
Agriculture	Outgrowers-fruits and vegetables	11,962
	Smallholder-farmers	225
Construction Materials	Fabricators	30
Consumer & Retail	Indirect employment in branches	2800
Projects & Engineering	Sub-contractors	978

WOMEN-LED SUPPLY CHAINS

In diversifying its supply chain and driving socio-economic empowerment among vulnerable women, the Eco Solutions Sector established a Palmyrah processing plant in Jaffna providing employment to 12 impoverished women.

Supplier development

In building resilient supply chains and supporting the long-term sustainability of our valued partners, several key sectors in the Group conduct ongoing supplier development programmes. These initiatives entail providing access to input materials, raising awareness on good social and environmental practices and ongoing capacity development. Key supplier development initiatives that are conducted on an ongoing basis are listed below:

**DPL Firstlight-
Hand Protection Sector**

Strategic supplier development programme which ensures a fair price for rubber latex by guaranteeing rubber smallholders a price which is indexed to RSS1 (the highest grade of consumed rubber) for their field latex. DPL also contributes US 0.5 dollars for every pair of gloves sold, which is utilised to fund a wide range of education, health and infrastructure projects to improve the overall quality of life of smallholders and their families.

+6000 Farmers in total

Rs.3.0 bn Payments to Firstlight farmers

131,00 kg of fertilizer distributed

600 Farmers participated in training programmes

Rs.3.79 mn Investments in community engagement



**Haritha Angara-
Purification Sector**

A holistic supplier development initiative, through which charcoal makers are encouraged to engage in environmentally friendly charcoaling with Haycarb PLC providing technical support and guidance on ecologically friendly charcoaling processes and buy back agreements.

+6,000 Farmers island-wide

23 Green charcoaling pits added bringing the total to **431**

12 Suppliers assisted to mechanise production facilities

during the year, with **over 350** supported so far

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Skill development along value chains

Several Sectors in the Group are catalysts for skill development in their respective industries and value chains, sharing best practices, raising awareness on latest technology and supporting the future-readiness and resilience of these value chains. Key ongoing interventions include the following:

Singer Fashion Academy

The Singer Academy supports livelihood development through empowering youth who wish to pursue a career in sewing, by providing opportunities for skill development through 6 fashion academies. The School aims to provide future fashion entrepreneurs an understanding of the scope and opportunities available in the field of fashion design at an affordable cost

Total students trained: over 5,400

Fabricator Training By Alumex

Alumex has contributed towards the development of a skilled and competent construction industry through building capacity in aluminium extrusions, providing practical insights into the application and usage of Aluminium profiles, components, new products and new technologies through multi-faceted training programmes. The training is targeted towards a wide range of fabricators and technicians including students of VTA affiliated Technical Colleges, CECB, Buildings Department, Provincial Councils, ICTAD, Contractors, Sri Lanka Army, Navy, Air Force and other Technical Colleges (Government/ Non-Government) island wide.

20,000 fabricators trained to date



Agriculture Training Schools

The Hayleys Agriculture Training school conducts training programs for a range of stakeholders including teachers, industry practitioners and commercial operators. While supporting our financial objectives this initiative also aims to enhance the agricultural skill base in Sri Lanka, given the shortage of skilled labour in the industry.

Membership in Industry Associations

- Ceylon Chamber of Commerce
- Ceylon Association of Ships' Agents
- Lanka Business Coalition for HIV-AIDS
- United Nations Global Compact
- National Agribusiness Council
- Sri Lanka Association of Inbound Tour operators
- National Chamber of Exporters
- Sri Lanka Institute of Nanotechnology
- Planters Association
- Sri Lanka Freight Forwarding Association
- SLASSCOM
- American Chamber of Commerce

COMMUNITY ENGAGEMENT

CSR Governance: All CSR initiatives are aligned to the Group Community Engagement policy but formulated and driven at Sector level; certain significant projects are also driven by the Centre. The Group ESG Steering Committee has oversight responsibility on the Group's CSR activities. Details pertaining to CSR activities, beneficiaries and impacts are reported by the Sectors to the Group ESG division on a quarterly basis.

Measuring our impact: Sectors monitor the impact of its community engagement activities on an ongoing basis, defining project-specific criteria to monitor progress and assess success. From a Group perspective, total beneficiaries, CSR investments and volunteer hours are monitored on a consistent basis.

INDUSTRY PARTNERSHIPS

As a dominant player and active stakeholder in several of its business sectors, the Group contributes proactively to industry forums and associations, engaging with stakeholders and the government to provide input in creating an enabling industry and regulatory environment. The Group holds memberships in the following industry associations